

BARING ASSET MANAGEMENT, INC.
GLOBAL FIXED: LEHMAN AGGREGATE BENCHMARK

FOR THE MONTH OF: **AUGUST** **2006**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Baring FX	1.57%	3.46%	1.69%	4.72%	5.55%
Lehman Aggregate	1.53%	3.12%	1.71%	3.98%	4.87%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

The Portfolio returned 1.57% versus the benchmark return of 1.53%.

Global government bond markets rallied strongly during August, continuing July's good run. US Treasuries were well supported and the yield curve flattened as the long-end outperformed. The Federal Reserve Open Markets Committee kept interest rate on hold at the beginning of the month, providing investors with confidence to buy long-dated bonds. Data has been softening for some months and the Committee decided that 5.25% was a sufficient level at which to assess the impact of earlier rate hikes.

Other government markets were also strong in August. European government bonds enjoyed a good run and the European yield curve flattened, although interest rates were hiked on 3rd August as widely expected. In the UK, the Bank of England surprised the market by hiking rates by 25bps to 4.75%, although long-dated gilts still rallied. Japanese yields declined sharply as local investors were attracted by the slightly better value on offer as further Japanese rate hikes appeared to be put on hold.

Emerging markets also benefited from the global rally in bonds, with both bond and currencies enjoying support. The US dollar retained its value versus the major currencies during the month. However, the Japanese yen was weak versus the dollar as investors feared that prospective Japanese interest rate hikes were on hold indefinitely.

In terms of portfolio positioning, the main activity was to take advantage of the rally to reduce duration, which we did by selling part of the 2031 US Treasury holding. We also sold all of the 2009 Treasury. At the end of the month we sold all of the Singapore bond exposure following a rally in this market. Singapore has been a useful market for the portfolio this year, but we saw better prospects elsewhere, notably in Australian bonds, which were demonstrating good relative value. Australian bonds had sold-off in the middle of August, bucking the global trend, on interest rate fears. While some concern was warranted, the market had overreacted in our opinion and we took advantage of attractive levels to build a modest position.

In currencies, the portfolio maintained only a small basket of currencies outside of the US dollar. Despite the sale of Singapore bonds, we still like the currency, and this position stayed in place. Small allocation to the Mexican peso and Hungarian forint remain, while the just over 1% in the Japanese yen makes up the last of our currency trades. These positions were broadly neutral in August, with the losses from the Japanese yen compensated by the gains in emerging currencies.

ORGANIZATIONAL/PERSONNEL CHANGES

MANAGER STYLE SUMMARY

Barings is the only manager with a global fixed income mandate. They will make interest rate bets, not only within the U.S., but also between countries. As a result, Barings will sometimes hold foreign, non-dollar denominated securities, and will also take currency positions as part of their strategy. Added value is also sought through investments in high-yield debt and mortgage-backed securities. Due to the periodic investments in foreign securities, currency positions, high-yield debt instruments, and the concentrated nature of the portfolio, we can expect Barings to go through long (1-2 year) periods of underperformance and then make up the underperformance within a matter of months.

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PORTFOLIO GUIDELINE COMPLIANCE

AUGUST 2006

Portfolio Guideline:	Baring FX	Min	Max	Compliance
A3. Rule 144A securities	0%		3%	ok
B2a. Regional/Sector Allocations:	99%			
NORTH AMERICA	90%	20%	100%	ok
Governments (incl Agy & Supranatl)	28%	0%	100%	ok
Mortgages (incl MBS & 1st Mtg Deb)	35%	0%	60%	ok
Corporates	3%	0%	50%	ok
US\$ Denominated Foreign Sovereigns	23%	0%	20%	check
Canada	0%	0%	30%	ok
Cash	1%			
JAPAN	0%	0%	40%	ok
MEMBERS OF EMU AND UK	0%	0%	60%	ok
OTHER (ABS, CMBS, munis & other non	9%	0%	15%	ok
Quality Allocations:				
SUB-INVESTMENT GRADE	0%	0%	35%	ok
US \$ Denominated Corporates	0%	0%	100%	ok
US \$ Denominated Foreign Sovereigns	0%	0%	100%	ok
Non-US \$ Denominated Corporates	0%	0%	100%	ok
Non-US \$ Denominated Sovereigns	0%	0%	100%	ok
B2b. Effective Duration +/- 40% of Benchmark		2.80	6.54	
	6.26	4.67	◀ Leh Aggr	ok
B3a. Corporate securities of one issuer <=5%				ok
B3b. Number of positions	40%	30		ok
B3ci. Regional allocations above also apply to forwards				ok
B3cii. Max forward w/single counterpart <=25%				ok
E2. Annual Turnover	49%		250%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

E2. Annual Turnover: Annual turnover INCLUDING Mortgage B'kd - 158.65%

B2a. Sector Alloc: This figure includes securities without formal sovereign guarantee, but with maintenance obligations.

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	N/A			